

WASHINGTON METROPOLITAN AREA TRANSIT COMMISSION

WASHINGTON, D. C.

ORDER NO. 1538

IN THE MATTER OF:

Served April 23, 1976

Application of BLUE LINES, INC.,)
for Authority to Increase Its Rates)

Application No. 925

By Application No. 925, filed April 5, 1976, as supplemented, Blue Lines, Inc., seeks approval of Supplement No. 3 to WMATC Tariff No. 2, which would replace Supplement No. 2 to WMATC Tariff No. 2. The proposed Supplement No. 3 specifies per capita fares for individually-ticketed sightseeing tours, per capita fares for groups of 25 persons or more for sightseeing tours, and rates for charter transfer transportation.

The fixing of an increase in an effective rate structure involves two general determinations. Initially, the operating revenue deductions to be experienced by the carrier in the future are projected. Rates are projected which would result in sufficient revenues to enable the carrier to earn a reasonable return based upon the projected revenue deductions. These rates then are tested to determine whether they are just, reasonable and not unduly discriminatory or unduly preferential either between riders or sections of the Metropolitan District. Cf. Compact, Title II, Article XII, Section 6(a)(2).

The Commission considers, among other things, the financial condition of the carrier, its revenue requirements, and whether the carrier is being operated economically and efficiently. Cf. Compact, Title II, Article XII, Section 6(a)(1). The Commission also considers, among other factors, the inherent advantage of transportation by the carrier, the effect of rates upon the movement of traffic by the carrier, the need in the public interest for adequate and efficient transportation service by the carrier at the lowest cost consistent with the furnishing of service, and the need for revenue sufficient to enable the carrier, under honest, economical and efficient management, to provide service. Cf. Compact, Title II, Article XII, Section 6(a)(3).

When an application is filed by a carrier seeking approval of an increase in rates, the Commission either suspends the proposed tariff or permits the tariff to become effective. The Compact sets forth the general criteria to be used in determining whether a tariff should be suspended. As the previous discussion clearly indicates, such a determination must include an analysis of the financial condition of the carrier as well as the effect of a change in the rates upon the carrier and members of the farepaying public.

For purposes of forecasting the operating revenue deductions to be incurred by Blue Lines during the proposed rate year, which would be the year ending April 30, 1977, the actual operating revenue deductions were submitted for the calendar year 1975. The use of an historical period which precedes the future rate year by four months is acceptable in certain instances. In this proceeding, the most reliable recent data would reflect the operations during the calendar year 1975. Blue Lines reported the following revenue deductions for the historical period.

| | |
|--------------------|-----------|
| Maintenance | \$ 48,900 |
| Shop Wages | 24,317 |
| Drivers' Wages | 111,737 |
| Tires and Tubes | 2,175 |
| Gas and Oil | 88,350 |
| Advertising | 85 |
| Insurance | 35,352 |
| Administrative | 80,174 |
| Depreciation | 9,132 |
| Licenses and Taxes | 12,324 |
| Commissions | 103,250 |
| Rental of Vehicle | 27,660 |

The total revenue deductions \$543,456 must be adjusted for the future rate period. By Order No. 1532, served April 5, 1976, Blue Lines' Application No. 913 to abandon its Montgomery Village regular route operation was granted. Such abandonment should reduce the operating expenses to be incurred in the future rate period. According to Blue Lines, the Montgomery Village operation involved costs (except insurance) in the amount of \$77,950 during the calendar year 1975. The revenue deductions for the future rate year accordingly will be projected to be \$465,506.

Blue Lines has proposed an increase in the per capita fares for sightseeing tours. The following schedule summarizes the present fares and proposed fares for ticketed sightseeing tours sold on an individual basis and for groups of 25 or more persons.

| Description | Individual | | | | Groups of 25 or More | |
|-------------|------------|---------|----------|---------|----------------------|----------|
| | Present | | Proposed | | Present | Proposed |
| | Fare | | Fare | | Fare | Fare |
| | (Adult) | (Child) | (Adult) | (Child) | | |
| BC | \$ 9.00 | \$ 4.50 | \$10.00 | \$ 5.00 | \$ 6.00 | \$ 7.00 |
| BCA | 14.50 | 7.00 | 16.00 | 8.00 | 9.00 | 10.00 |
| CAM | 16.00 | 9.00 | 17.00 | 9.50 | 10.00 | 11.00 |
| AD | 24.50 | 13.00 | 26.00 | 13.75 | 15.00 | 17.00 |
| N | 9.00 | 4.50 | 10.00 | 5.00 | 6.00 | 7.00 |
| K | None | None | 9.00 | 4.50 | 6.00 | 7.00 |

In addition, the per capita fare for groups of 25 or more travelling on tour CAM or AD would be \$2 more when the boat is operating for the return trip from Mount Vernon, Virginia, to Washington, D. C.

Blue Lines has modified the tours. With respect to the building tour (BC), Blue Lines has deleted the previous stop at the Lincoln Memorial and added a stop at the Supreme Court. With respect to the interior of public buildings and Arlington National Cemetery tour (BCA) and the Arlington-Mount Vernon tour (CAM), Blue Lines has added a stop at the Lincoln Memorial. The City and Arlington Cemetery tour (K) is a new tour involving stops at the Lincoln Memorial and Arlington National Cemetery.

The proposed individual adult fares would be \$1 more on tours BC, CAM, and N (night tour) and \$1.50 more on tours BCA and AD (all day tour). The proposed individual child fares would be 50 cents more on tours BC, CAM and N, \$1 more on tour BCA, and 75 cents more on tour AD. The proposed per capita fare for groups of 25 persons or more would be \$1 more on tours BC, BCA, CAM, N, and K and \$2 more on tour AD. These increases would result in approximately an 11 percent increase in these fares.

Blue Lines has proposed an increase in the one-way transfer charge between any two points in the District of Columbia from \$45 to \$68, an increase of approximately 51 percent. Blue Lines also has proposed a \$68 one-way transfer charge between Washington National Airport (National) and the District of Columbia and \$45 charge each way for round trip transfers between National and the District of Columbia. Blue Lines Certificate of Public Convenience and Necessity No. 10 authorizes the performance of charter operations, over irregular routes, from points within the District of Columbia to points within the District of Columbia. National is not a point in the District of Columbia. Accordingly, Blue Lines holds no authority to perform charter transfer service between National and the District of Columbia and the proposed transfer rates shall be rejected.

Blue Lines reported \$530,433 in revenues for calendar year 1975. The Commission shall reduce this amount by \$61,023 to reflect the loss of revenues from the Montgomery Village regular route operation. The balance of \$469,410 resulted from sightseeing services (\$353,506) and charter service (\$115,904). Projecting an 11 percent increase in the sightseeing revenues would increase total revenues by \$38,885. The group charter non-sightseeing revenues reported for calendar year 1975 were \$41,904. Projecting a 51 percent increase in these revenues would result in additional revenue of \$21,371. The total projected revenues thus would be \$529,666, which would result in a 12 percent return on gross revenues.

The Commission finds that the amount of revenue projected herein as the result of the proposed rate structure is necessary to cover the operating revenue deductions experienced in calendar year 1975. The analysis

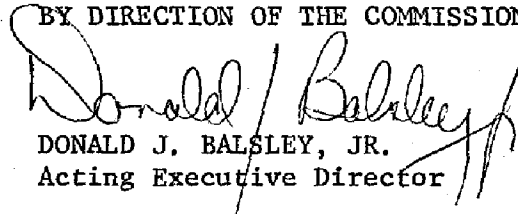
did not include any projection of an increase in the operating revenue deductions. Accordingly, to the extent that costs have increased and will increase as a result of inflationary pressures in the general economy, Blue Lines return on gross revenues will be diminished. It should be noted that the primary consideration herein has been whether the proposed rate structures as set forth in Supplement No. 3 should be suspended. The Commission has found that the proposed rate structures are just, reasonable, and not unduly discriminatory or unduly preferential either between riders or sections of the Metropolitan District.

THEREFORE, IT IS ORDERED:

1. That Application No. 925 of Blue Lines, Inc., for authority to increase its rates be, and it is hereby, rejected with respect to proposed transfer charges for operations between Washington National Airport and the District of Columbia and granted with respect to the other proposed fares and charges.

2. That Blue Lines, Inc., be, and it is hereby, directed to file within five (5) days of the service of this order two copies of Supplement No. 3 to WMATC Tariff No. 2 cancelling Supplement No. 2 to WMATC Tariff No. 2 consistent with the findings set forth hereinbefore to be effective April 25, 1976.

BY DIRECTION OF THE COMMISSION:


DONALD J. BALSLEY, JR.
Acting Executive Director